



08027631

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	January 31, 2007
Estimated average burden hours per response.....	12.00

SEC FILE NUMBER
8- 39104

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Directed Services, LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

1475 Dunwoody Drive

(No. and Street)

West Chester

PA

19380

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard Gelfand

(610) 425-4281

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

55 Ivan Allen Jr Blvd

Atlanta

GA

30308

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 24 2008

THOMSON
FINANCIALSEB (Zip Code)
Mail Processing
Section

FEB 29 2008

Washington, DC

100

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

Potential persons who are to respond to the collection of
information contained in this form are not required to respond
unless the form displays a currently valid OMB control number.AB
3/4

OATH OR AFFIRMATION

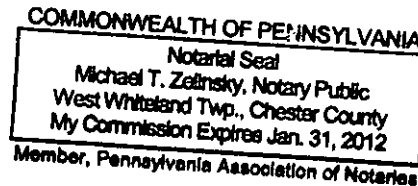
I, Richard Gelfand, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Directed Services, LLC., as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard Gelfand
Signature

Financial Operations Principal

Title

Michael T. Zelinsky
Notary Public



This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

STATEMENT of FINANCIAL CONDITION SEC
Directed Services LLC Mail Processing
December 31, 2007 Section
with Report of Independent Auditors

FEB 29 2008

Washington, DC
100

Directed Services LLC
Statement of Financial Condition
December 31, 2007

Contents

Report of Independent Auditors	1
Statement of Financial Condition	2
Notes to Statement of Financial Condition	3

Report of Independent Auditors

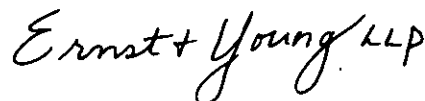
To the Members
Directed Services LLC

We have audited the accompanying statement of financial condition of Directed Services LLC (the Company, a wholly-owned subsidiary of ING Life Insurance and Annuity Company, which is an indirect wholly-owned subsidiary of ING America Insurance Holdings, Inc.) as of December 31, 2007. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition, referred to above presents fairly, in all material respects, the financial position of Directed Services LLC at December 31, 2007, in conformity with U.S. generally accepted accounting principles.

Atlanta, Georgia
February 15, 2008



Directed Services LLC
Statement of Financial Condition
December 31, 2007

Assets	
Cash and cash equivalents	\$ 42,458,015
Commissions and concessions receivable	6,741,778
Distribution fee receivable	26,733,352
Accounts receivable	115,998
Due from affiliates	98,344
Total assets	<u>\$ 76,147,487</u>
Liabilities and member's equity	
Liabilities:	
Commissions and concessions payable	\$ 6,000,000
Investment advisory fees payable	13,737,108
Accounts payable and other accrued liabilities	437,018
Due to affiliates	9,805,581
Other liabilities	9,527
Total liabilities	<u>29,989,234</u>
Member's equity	<u>46,158,253</u>
Total liabilities and member's equity	<u>\$ 76,147,487</u>

The accompanying notes are an integral part of this financial statement.

Directed Services LLC

Notes to Statement of Financial Condition

1. Nature of Business and Ownership

Directed Services LLC (the Company) operates as a broker-dealer registered under the Securities Exchange Act of 1934 and is a member of the Financial Industry Regulatory Authority (FINRA). The Company is also registered as an investment advisor under the Investment Advisors Act of 1940. The Company is engaged primarily in the distribution of variable insurance products. The Company is a wholly-owned subsidiary of ING Life Insurance and Annuity Company (ILIAC) and ultimately of ING America Insurance Holdings, Inc. (ING AIH). ING AIH is a wholly-owned subsidiary of ING Groep N.V. (ING), a global financial services holding company based in The Netherlands.

The Company's securities transactions are limited to variable annuities issued by affiliated companies. The Company does not carry customer accounts and is not required to make the periodic computation of reserve requirements for the exclusive benefit of customers. Accordingly, the Company is exempt from Securities and Exchange Commission (SEC) Rule 15c3-3.

2. Summary of Significant Accounting Policies

General

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Management believes that the estimates utilized in preparing its statement of financial condition are reasonable and prudent. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers deposits that can be redeemed on demand and highly liquid investments that have original maturities of three months or less, when purchased, to be cash and cash equivalents. Cash equivalents are not held for sale in the ordinary course of business.

Commissions and Concessions Receivable

Commissions and concessions receivable are shown at their net realizable value. Uncollectible receivables are charged to operations during the period they are determined to be uncollectible.

Revenue Recognition

Commission revenue and expense are recognized when premiums are earned. Investment advisory revenues are recognized as the services are performed.

Directed Services LLC

Notes to Statement of Financial Condition

Liabilities Subordinated to the Claims of General Creditors

At December 31, 2007, the Company had no liabilities subordinated to the claims of general creditors.

Recently Issued Accounting Standard

Accounting for Uncertainty in Income Taxes – FIN 48

Effective January 1, 2007 the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 creates a single model to address the accounting for the uncertainty in income tax positions recognized in a company's financial statements in accordance with FAS 109, "Accounting for Income Taxes". The adoption of FIN 48 did not have an impact on the Company, since the Company does not have any uncertain tax positions.

3. Income Taxes

The Company is a single member limited liability company. For income tax purposes, the Company is not treated as a separate taxable entity. Member income, gains, losses, deductions and credits are includable in the federal income tax return of the Member, whether or not an actual cash distribution is made to such member during its taxable years. As such no federal income taxes are reflected for the year ended December 31, 2007. Certain items will be deducted in different periods for tax purposes from those used for financial reporting purposes.

The Company paid income taxes of \$1,046,065 during 2007. The income tax payment relates to a prior year when this company was a corporation and treated as a separate legal entity for income tax purposes.

The Internal Revenue Service is currently examining ING AIH's tax returns for years 2002 through 2006. Management is not aware of any adjustments as a result of this examination that would have a material impact on the financial statements of the Company.

4. Related Party Transactions

The Company is the investment advisor, transfer agent, and administrator of ING Investors Trust (Trust), an affiliate of the Company. The Company and the Trust have a unified fee agreement whereby the Company has overall responsibility to provide all of the services necessary for the ordinary operations of the Trust. The Trust pays the Company a monthly fee based on a percentage of average daily net assets to cover the Company's management fee and ordinary expenses including, without limitation, the following: portfolio management fees, custody fees, audit fees, ordinary legal fees, registration fees, and other operating expenses. At December 31, 2007, total net fee

Directed Services LLC
Notes to Statement of Financial Condition

receivables of \$26,733,352 are reported in Distribution Fee Receivable on the statement of financial condition.

In addition to being the investment advisor of (the Trust), the Company became the investment advisor of ING Partners, Inc. (the Fund), an affiliate of the Company. The Company and the Fund have an investment advisory agreement, whereby the Company has overall responsibility to provide portfolio management services for the Fund. The Fund pays the Company a monthly fee, net of sub advisory fees, which are based on a percentage of average daily net assets. Under this agreement, the Company passes this monthly fee to ILIAC.

ING USA Annuity and Life Insurance Company (ING USA) and ReliaStar Life Insurance Company of New York (RLNY), affiliates of the Company, provide certain managerial and supervisory services to the Company. The fee for these services is calculated as a percentage of average assets in the separate accounts. On August 9, 2007, the Company and ING USA entered into an amendment to its service agreement effective July 31, 2007, which modified the method for calculating the compensation owed to ING USA for its provision of managerial and supervisory services to the Company. As a result of this amended agreement, the Company pays ING USA the total net revenue associated with ING USA deposits.

ING Investment LLC and ING Investment Management LLC, also affiliates of the Company, provide certain administrative and advisory services to the Company. The fee for these services is also calculated as a percentage of average assets.

ING AIH allocates a portion of its general administrative expenses to the Company based on volume, number of personnel, and activity.

The Company acts as the principal underwriter (as defined in the Securities Act of 1933 and the Investment Company Act of 1940, as amended) of the variable insurance products issued by ING USA and RLNY, affiliates of the Company.

Amounts reported in the statement of financial condition related to transactions and agreements with affiliates may not be the same as those incurred if the Company was not a wholly-owned subsidiary of its Parent.

5. Employee Benefit Plans

The employees providing services to the Company are covered by a variety of employee benefit plans (401(k), pension and deferred compensation) that are administrated by affiliates. The different plans have various eligibility standards, vesting requirements, and guidelines for matching. The Company had no separate employee benefit plans in 2007 and relied on its affiliated companies to cover all eligible employees. All benefits that were paid by these affiliates were charged back to the Company for reimbursement.

Directed Services LLC
Notes to Statement of Financial Condition

6. Contingencies

The Company is party to a number of claims, lawsuits, and arbitrations arising in the course of its normal business activities. Although the ultimate outcome of these claims cannot be ascertained at this time, it is the opinion of management that these matters will not have a material effect on the Company's financial condition.

As with many financial services companies, the Company and certain of its affiliates have received informal and formal requests for information from various state and federal governmental agencies and self-regulatory organizations in connection with inquiries and investigations of the products and practices of the financial services industry. In each case, the Company believes full cooperation has been and is being provided.

Regulators are also conducting other broad investigations involving the financial services industry. These initiatives currently focus on, among other things, compensation and other sales incentives, conflicts of interest, anti-competitive activity, marketing practices, and disclosure. It is possible that the scope of these investigations will further broaden before the investigations are concluded. Like other financial services companies, U.S. affiliates of ING have received formal and informal requests in this regard, and are cooperating fully with each request for information.

7. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides that equity may not be withdrawn or cash dividends paid if the resulting ratio of aggregated indebtedness to net capital would exceed 12 to 1.

At December 31, 2007, the Company had net capital of \$38,374,846 which was \$36,375,564 in excess of its required net capital of \$1,999,282. The Company's ratio of aggregate indebtedness to net capital at December 31, 2007 was .78 to 1.